

Message Text

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TAGS: EMIN, ENRG, TW
SUBJECT: RECIPROCITY PROVISIONS OF MINERAL LEASING ACT OF 1920

REFERENCES: (A) STATE 313732, (B) STATE 070022

1. FOREIGN NATIONALS INCLUDING U.S. CITIZENS ARE PERMITTED TO OWN CERTAIN MINERAL LEASING RIGHTS IN THE ROC UNDER CERTAIN CONDITIONS. THE MINING LAW, PROMULGATED MAY 26, 1930 AND AMENDED LAST IN 1968, DECLARES THAT ALL MINERAL DEPOSITS WITHIN THE TERRITORY OF THE ROC ARE STATE OWNED AND PROVIDES FOR THE ACQUISITION OF MINERAL LEASING RIGHTS BY PRIVATE CITIZENS. RESTRICTIONS, HOWEVER, ARE PLACED ON THE OWNERSHIP OF SUCH RIGHTS BY FOREIGN NATIONALS, INCLUDING THE REQUIREMENT THAT OVER ONE HALF OF THE SHARES OF ANY COMPANY BE HELD BY ROC NATIONALS.

2. MOST OF THE ARTICLES OF THE MINING LAW RESTRICTING OWNERSHIP OF MINERAL LEASING RIGHTS BY FOREIGN NATIONALS, INCLUDING THE REQUIREMENT FOR MAJORITY CONTROL BY ROC NATIONALS WERE SUPERSEDED BY ARTICLE 18-1 OF THE STATUTE FOR INVESTMENT BY FOREIGN NATIONALS WHICH WAS PROMULGATED JULY 14, 1954 AND LAST AMENDED ON JUNE 22, 1968. THIS STATUTE PROVIDES FOR INVESTMENTS BY FOREIGN
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NATIONALS WHICH MEET ITS RATHER BROAD REQUIREMENTS AND WHICH ARE APPROVED BY THE MINISTRY OF ECONOMIC AFFAIRS. THE TYPES OF FOREIGN INVESTMENT PROVIDED FOR UNDER THIS STATUTE INCLUDE: THOSE IN PRODUCTIVE OR MANUFACTURING ENTERPRISES NEEDED DOMESTICALLY; THOSE IN ENTERPRISES WHICH HAVE AN EXPORT MARKET; THOSE CONDUCIVE TO DEVELOPMENT OR IMPROVEMENT OF IMPORTANT INDUSTRIAL,

MINING OR COMMUNICATIONS ENTERPRISES; AND THOSE IN OTHER ENTERPRISES CONDUCTIVE TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE ROC. APPLICATIONS SUPPORTED BY INVESTMENT PLANS AND RELEVANT DOCUMENTS ARE SUBMITTED TO THE MINISTRY OF ECONOMIC AFFAIRS FOR APPROVAL ON A CASE BY CASE BASIS.

3. ARTICLE 8-2 OF THE MINING LAW, NOT REFERRED TO BY THE STATUTE FOR INVESTMENT BY FOREIGN NATIONALS, PROVIDES THAT THE GROC SHALL HAVE PREEMPTIVE RIGHTS OVER MINERAL PRODUCTS OF PETROLEUM, URANIUM AND THORIUM MINES, AND GIVES THE GROC THE RIGHT TO PLACE LIMITATIONS ON THE QUANTITY TO BE EXPORTED OR ON THE PERIOD OF TIME DURING WHICH THEY MAY BE EXPORTED. THERE ARE THORIUM BEARING SANDS ALONG TAIWAN'S COASTS BUT THERE ARE NO KNOWN DEPOSITS OF URANIUM IN TAIWAN.

4. THE REGULATIONS GOVERNING THE EXPLORATION AND THE DEVELOPMENT OF PETROLEUM, PROMULGATED NOVEMBER 8, 1954 AND LAST AMENDED SEPTEMBER 16, 1961, SPECIFICALLY PROVIDE FOR OPERATION UNDER LEASE OF PETROLEUM MINES (PETROLEUM BEING DEFINED AS INCLUDING CRUDE OIL, NATURAL GAS, OIL SHALE, PITCH AND OTHER HYDRO-CARBON MINERAL PRODUCTS EXCEPT COAL) BY PRIVATE CITIZENS INCLUDING FOREIGN NATIONALS, PROVIDING THE FOREIGN INVESTMENTS COMPLY WITH THE STATUTE FOR INVESTMENT BY FOREIGN NATIONALS. THE STATUTE FOR EXPLORATION AND EXPLOITATION OF PETROLEUM IN OFFSHORE AREAS, PROMULGATED SEPTEMBER 3, 1970, PERMITS FOREIGN
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INVESTMENT IN JOINT ENTERPRISES WITH STATE PETROLEUM ENTERPRISES OR UNDER CONTRACTS OF COOPERATION WITH STATE PETROLEUM ENTERPRISES.

5. IN PRACTICE, THE GROC HAS RESERVED ONSHORE PETROLEUM EXPLORATION AND EXPLOITATION FOR THE STATE PETROLEUM ENTERPRISES AND HAS ENTERED INTO JOINT ENTERPRISES AND CONTRACTS FOR COOPERATION WITH U.S. FIRMS FOR THE EXPLORATION AND EXPLOITATION OF POTENTIAL OFFSHORE PETROLEUM DEPOSITS.
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